



State of New Jersey

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July 15, 2013

Report to the New Jersey Legislature
pursuant to P.L. 2005, c.162
(Investments in Sudan)

Chapter 162 of the Public Laws of 2005 (the "Act") provides that no assets of any pension or annuity fund under the jurisdiction of the Division of Investment (the "Division") shall be invested in any foreign company with an equity tie to the government of Sudan or its instrumentalities and is engaged in business in or with the same. The provisions shall not apply to the activities of any foreign company providing humanitarian aid to the Sudanese people through either a governmental or non-governmental organization. The Act requires that any investment held in violation of the provisions of the Act must be sold, redeemed, divested or withdrawn.

As previously reported, based upon advice of the Office of the Attorney General received in May 2011, the Division implements the Act in a way that is consistent with and does not conflict with the Sudan Accountability and Divestment Act of 2007 ("SADA"). More specifically, the Division limits divestment to companies engaged in business in the industry specific categories (power production activities, mineral extraction activities, oil-related activities, and the production of military equipment) stated in SADA, with further exceptions also contained in SADA.

The Act requires that the Director of the Division annually file with the Legislature a report on all investments sold, redeemed, divested or withdrawn in compliance with the Act. The Act requires that each annual report provide a description of the progress made by the Division since the previous report and since the enactment of the Act in implementing the provisions of the Act.


As summarized in our previous reports to the Legislature, the Division had divested all of the holdings that had been identified as being in violation of the provisions of the Act. In August 2012, Schneider Electric was added to the list and the Division divested its holdings accordingly.

In accordance with the provisions of the Act, the State Investment Council and the Director of the Division continue to review the recommendations of, and consult with, an independent research firm that specializes in global security risk for portfolio determinations. Since our last

report, the list of companies identified as being ineligible for investment has been revised based upon research updates received from the independent research firm.

As of the date of this report, the Division, in conjunction with its independent research firm, has identified the following companies that will not be eligible for investment by the pension and annuity fund portfolios: Alstom S.A.; Arzamas Machine Building Plant OJSC; ASEC Company for Mining; Bharat Heavy Electricals Ltd.; Bouygues SA; Dongfeng Motor Group Company Limited; Drake & Scull International PJSC; Egypt Kuwait Holding Co; Electricity Generating Public Co Ltd.; Elsewedy Electric Co.; Energy House Holding Company KSCC.; Harbin Electric Company, Ltd; Indian Oil Corporation Ltd.; Jiangxi Hongdu Aviation Industry Corp., Ltd.; LS Industrial Systems Co., Ltd.; Managem S.A.; OAO Gaz; Oil & Natural Gas Corporation Ltd.; Oil India Ltd.; Petrofac Ltd; Schlumberger Ltd.; Schneider Electric SA; SCOMI Group Bhd; Shanghai Electric Group Company Ltd.; Sinohydro Group Ltd; Waertsilae Oyj.

Please be assured that the Division will continue to vigorously implement the Act by working to identify any additional companies that are ineligible for investment under the Act, as currently applied. Such companies will be added to the prohibited investment list, and the Division will divest any pension or annuity fund holdings in those companies.



Timothy M. Walsh
Director